

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

REPORT OF THE COMMITTEE  
ON THE RATING OF  
PLANT AND MACHINERY



*LONDON*  
HER MAJESTY'S STATIONERY OFFICE  
1959

The Statement in Appendix I to this Report is published by the Minister of Housing and Local Government in accordance with the provisions of Section 24 (4) of the Rating and Valuation Act, 1925.

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The estimated gross cost of the preparation of this Report is £,1605 of which £205 represents the gross cost of printing and publishing the Report.

## MINUTE OF APPOINTMENT

I hereby appoint

Sir EDWARD H. RITSON, K.B.E., C.B.,

T. S. DULAKE, Esq., F.R.I.C.S.,

A. B. HENDERSON, Esq., M.A., M.I.C.E., M.I.Mech.E.,

MAURICE LYELL, Esq., Q.C.,

C. H. PICKWORTH, Esq., M.I.C.E., M.I.E.E.,

to be a Committee to prepare in accordance with subsection (6) of section 24 of the Rating and Valuation Act, 1925, a revised Statement setting out in detail all the machinery and plant which appears to the Committee to fall within any of the classes specified in the Third Schedule to that Act.

It will be open to the Committee to review the interpretation of the Third Schedule and the existing Plant and Machinery Order as it has developed in practice since the Schedule was enacted and to recommend any changes in the interpretation thereof for the purpose of preparing the revised Statement.

It will also be open to the Committee to draw attention to any desirable amendments to the Third Schedule to permit of greater clarity and precision in the drafting of the revised Statement always provided that such amendments do not involve a material change in the general concept of the rating of plant and machinery as now laid down in the Schedule.

In either case the Committee should indicate what differences in the revised Statement would result from any change of interpretation, or amendments to the Third Schedule, as the case may be.

I hereby further appoint Sir Edward H. Ritson to be Chairman, and N. Hamilton, Esq., to be Secretary of the Committee.

HENRY BROOKE.

26th November, 1957.

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# REPORT OF THE COMMITTEE ON THE RATING OF PLANT AND MACHINERY

To the Right Honourable HENRY BROOKE, M.P.,  
Minister of Housing and Local Government.

SIR,

(1) We were appointed by you to revise the Plant and Machinery (Valuation for Rating) Order, 1927. The Order contains a detailed list of plant and machinery which is made rateable by section 24 and the Third Schedule to the Rating and Valuation Act, 1925; to be rateable, an item of plant or machinery must be named in the list. The Order was based on the report of a committee which was appointed after the passage of the Act of 1925, and which reported in 1926. Section 24 (6) of the Act provides for periodical revision of the Order, but there has been no revision of the Order in the last 30 years and it was said by industrialists and their professional advisers to be inadequate to serve as the basis for establishing the rateability of the many new forms of plant and machinery which had emerged during that period. It was further claimed that the interpretation of the Order by the courts had resulted in an extension of rateability of plant and machinery beyond what was intended by the legislature in 1925.

(2) You decided in 1957 that a review of the Order should accompany the general review of local government finance which was then in progress. The Government's general conclusions with regard to finance were announced in a White Paper—Local Government Finance (England and Wales) (Cmd. 209)—which was presented to Parliament in July, 1957. The White Paper announced the Government's intention to appoint a Committee to undertake the review of the Order, and our appointment followed.

(3) We have held twenty-six meetings and we have carried out three inspections of plant and machinery at various industrial undertakings. Our visits have enabled us to see for ourselves some of the types of plant and machinery which have been the subject of dispute, and we feel that this has led us to a better understanding of the issues at stake. We gratefully acknowledge the ready co-operation of the firms which have received us.

(4) We invited written evidence from local authority associations, from representative industrial and trade associations and from professional institutions. As a result of publicity given to the Committee in Parliament and by the Press, various other bodies volunteered written evidence, and a list of all the sources from which written evidence has been received is contained in Appendix III. We took oral evidence only from those bodies from whom we required further elucidation of points made in their written

evidence. We have also had informal discussions with a number of Government departments. Our thanks are due to all who have assisted us in the examination of what has proved to be a difficult and contentious subject.

(5) Our Report opens with a survey of the historical background, and goes on to consider the arguments that have been put to us advocating changes in the law and practice of rating plant and machinery. After a brief comparison with the situation in Scotland, we set out our recommendations and append a revised list of the plant and machinery appearing to us to fall within the Third Schedule to the Act of 1925.

(6) We wish to place on record our great appreciation of the very able way in which our Secretary, Mr. Hamilton, has assisted us. Both in the investigations he has made on our behalf and in his organisation of the very technical material submitted to us he has shown an understanding of the problems involved which has greatly facilitated our work.

(Signed) E. H. RITSON (*Chairman*).  
T. S. DULAKE.  
A. B. HENDERSON.  
MAURICE LYELL.  
C. H. PICKWORTH.

(Signed) N. HAMILTON (*Secretary*).

13th January, 1959.

## PART I: HISTORICAL BACKGROUND

### The Inter-Departmental Committee of 1923

1. The law and practice of rating plant and machinery in the latter half of the nineteenth century and the early part of the twentieth century were in a state of some confusion. The Poor Rate Exemption Act, 1840, exempted stock-in-trade from liability to rates, but in 1851 the courts gave a decision the effect of which was that the practice developed of including more and more machinery and plant in valuations of industrial undertakings.

2. In *Kirby v. Hunslet Union Assessment Committee*—1906 A.C. 43—the House of Lords decided that “Tenants’ machinery placed in a factory, and used therewith for the business of the factory, whether it be affixed to the freehold or not, may be taken into consideration so as to increase the amount in assessing the factory to the Poor Rate. The law and practice to this effect have been too long established to be now overruled.” This decision did not lay down any clear method by which machinery was to be taken into consideration, and it was not until the decision in *S. Smith and Son (Motor Accessories), Limited v. Willesden Union Assessment Committee* (1919)—89 L.J.K.B. 137, which indicated that machinery in a factory was to be valued at its full estimated annual rental value, that this question was settled.

3. The law was thus clearly established, but practice continued to vary widely over the country and there was widespread dissatisfaction in industry. A demand arose for the exemption of process plant and machinery from rating, and a number of Private Members’ Bills were put forward with the object of securing this exemption.

4. A committee was set up in 1923 under the chairmanship of the Right Honourable Edward Shortt, K.C., to enquire into the rating of plant and machinery in England and Scotland. The majority report\* recommended that loose tools and machines operated only by hand or foot power should be entirely exempted from rates, and that other machinery and plant which under the existing law were required to be taken into account in valuing a property should be deemed to be part of the hereditament. They further recommended that it should be divided into two classes: Class I, to be rated in full; and Class II, to be rated at 25 per cent. The first class was itself divided into four categories, as follows:—

“(1) Such machinery and plant (with the structures, works, erections and appliances supporting or holding them in place) including all engines, motors, shafting and counter-shafting, cables, wires, pipes, conduits, tanks, feed pumps, economisers, mechanical stokers, mechanical chargers and fuel conveyors, as are used or intended to be used mainly or exclusively for the purposes of or directly in connection with or ancillary to:—

(a) The creating, harnessing, conveying, controlling, applying, storing, transforming, converting or transmitting any form of power, whether steam, electric, water, gas, oil, compressed air, wind or other power (but not including portable or travelling power):

Provided that no process or other plant or machinery to which any such power after full development up to the stage of application is applied shall be included in this definition:

\* Report of the Inter-Departmental Committee on the Rating of Machinery and Plant in England and Scotland, 1925—Cmd. 2340.



(b) Lighting, heating, cooling, ventilating, draining, supplying water to or protecting from fire any part of the buildings or land of the rateable hereditament.

(2) Lifts and elevators.

(3) Railway and tramway lines or tracks.

(4) Plant or a combination of plant and machinery which is or is of the nature of a building or structure ; such as gas holders, blast furnaces, coke ovens, tar distilling plants, cupolas, water towers with tanks."

Class II covered all other machinery and plant which was by law required to be taken into account in assessing the hereditament.

### **The Rating and Valuation Act, 1925**

5. The Government incorporated the recommendations of the Inter-Departmental Committee with modifications in the Act of 1925. Section 24 and the Third Schedule, which are the relevant provisions, are set out in Appendix II to our Report. The Committee's recommendations with regard to plant and machinery in Class I were adopted almost as they stood, but the Government went further than the Committee in the direction of relieving industry and exempted all other plant and machinery from rates instead of rating it at 25 per cent. as had been suggested. The Committee's expression "in the nature of a building or structure" was preserved in the Act as the test for inclusion in the fourth category, and it is on the meaning of this phrase that most of the litigation and controversy has arisen.

6. It has been a matter of some importance to us to determine so far as we can the intention of Parliament in 1925 in framing these provisions. Our terms of reference require us to adhere to the general concept of the rating of plant and machinery as laid down in that Act. There is little to guide us except the words of the Act itself, but it is instructive to read what was said by Mr. Neville Chamberlain, the Minister of Health, during the Report Stage of the Bill in the House of Commons. The Minister said :

"What is the principle of rating? It is that it is the occupier who is rated, and the basis on which he is rated is the rent which a hypothetical tenant would pay for a particular hereditament. The rent he would pay for the factory is not affected, or is only affected to a limited extent, by the machinery he is going to put into it. It is precisely similar to the case of a man who rents an office. If a man rents an office it is open to him to put in what furniture he likes. He can put in cheap furniture or fancy furniture. He can furnish his office, if he chooses, as if it were part of a Royal palace, but he is not for that reason to be rated any higher. I cannot see the equity of saying that because a particular manufacturer chooses to alter the value of the machinery he puts into a particular building, with reference to which the structure of the building is not relevant, he should pay a higher rent or his rateable value should be increased."

7. It appears to us that the general intention of Parliament was to derate process plant and machinery, with the important exception of plant and machinery which is of such a nature that it ought properly to be considered as part of the hereditament. One way of looking at this might be to ask what might reasonably have been provided by a landlord in letting the hereditament to a hypothetical tenant, but we do not think this principle can be pushed very far. It does not appear to us to be a satisfactory test to enquire what are landlord's fixtures, and we do not think that the Act can be construed solely by reference to this consideration. There are many

industrial undertakings, such as oil refineries, which in practice are never let, and it would be altogether too hypothetical to speculate on what a landlord might have provided. The test laid down in the Act is that, to be rateable, plant or machinery must be, or be in the nature of, a building or structure. In our view this is not so much an end in itself as a means to the end of deciding what kind of plant and machinery can properly be regarded as part of the hereditament.

### **The Committee of 1926**

8. The Act of 1925 established the principle upon which the rateability of plant and machinery was to be determined, and the Third Schedule gave a few examples of the types of plant and machinery which might be rateable under Class 4—the same examples as those put forward by the Inter-Departmental Committee (see paragraph 4 above). It was felt that general principles alone were not sufficiently definite and in order to determine in precise detail what plant and machinery was to be rateable under the Act, subsection (3) of section 24 required a committee of five persons to be set up to prepare a statement of all the plant and machinery which appeared to them to fall within any of the classes specified in the Third Schedule.

9. The Chairman of the Committee was the Right Honourable Edward Shortt, K.C., who had also been the Chairman of the Inter-Departmental Committee of 1923. The Committee reported in 1926; the Report is brief and contains little except the statement of rateable plant and machinery. Having now attempted a similar task, but with their work to guide us, we can only express our admiration for the way in which the Committee of 1926 performed their work, starting, as they had to, without any foundation to work upon. The Committee referred in their Report to the fact that they had been asked by the Minister of Health to define the words "mainly or exclusively" and "in the nature of a building or structure". The first of these expressions governs the application of Class 1 and the second, Class 4. The Committee were, however, obliged to admit that they had been unable to find any form of words which satisfactorily described these phrases. For the most part the Report was unanimous, but the Chairman entered a personal reservation to the effect that the Committee had to a substantial extent included items in Class 6 of the Report (corresponding to Class 4 of the Third Schedule to the Act of 1925) which he did not think it was the intention of Parliament to include.

### **The Order of 1927**

10. The Committee's Report was published, as required by subsection (4), and after consideration of representations made against the Report, the Minister issued the Plant and Machinery (Valuation for Rating) Order, 1927—S.R. & O. 1927, No. 480—which incorporated the statement contained in the Committee's Report subject to modification. The most significant difference between the statement in the Report of the Committee and the Order is in the heading to the class which corresponds to Class 4 of the Third Schedule to the Act. The heading to Class 6 of the statement in the Committee's Report reads as follows: "Any of the following machinery or plant which is or is in the nature of a building or structure". The heading to Class 4 in the Order, however, reads: "The following parts of a plant or a combination of plant and machinery whenever and only to such extent as any such part is, or is in the nature of, a building or structure". Whereas the Committee's Report would have made an item of plant or machinery which is named in Class 6 and which is or is in the nature of a building or structure rateable in its entirety, the Order restricts rateability to such part of the item of plant and machinery as is structural in nature.

### The panel of referees

11. Subsection (7) of section 24 of the Act of 1925 provided for the appointment of a panel of referees to whom reference could be made by agreement of all the parties concerned to determine whether any item of plant or machinery concerned in an appeal fell within any of the classes in the Order. The first panel was appointed in 1927; further appointments were made in 1937 and again in 1957. The panel does not appear to have been greatly used, particularly in recent years. This may be because there is no appeal against the award of a referee; it is understandable that the parties to an appeal may prefer to pursue their case through the Lands Tribunal and the Court of Appeal and even to the House of Lords in order that they shall not be denied the opportunity to reverse an initially unfavourable decision.

### The period from 1927 to the present day

12. The Order appears to have operated from 1927 until about 1949 with very little difficulty, and to have evoked no protest. Industry was derated by 75 per cent. in 1929 with the result that the burden of rates was thus reduced. It is probable that until towards the end of this period the development of technology was not such as to produce so many new forms of plant or machinery as to make the identification of particular items with those named in the Order a difficult task. In any event we are told that the law was not strictly applied by rating surveyors. This quiescent situation is reflected in an almost complete lack of litigation.

13. From 1950 the Inland Revenue became responsible for making valuations for rating purposes in the place of rating authorities. The Inland Revenue's staff were insufficient to carry out the work of the revaluation which came into force in 1956, and certain work, including many of the more important industrial hereditaments, was let out on contract to certain private firms of surveyors, but subject to the general supervision of the Inland Revenue. The Inland Revenue were under a clear duty to apply the law as it stood, and it is argued by industrialists that some forms of plant and machinery which hitherto were not rated were now brought into assessment. Although even to-day the level of litigation cannot be said to be great, there is a perceptible rise in the quantity of litigation from 1949 to the present day. The partial rerating of industry to 50 per cent. from the 1st April, 1959, which results from the Local Government Act, 1958, makes the assessment of an industrial undertaking of more critical importance for the industrialist than hitherto, and in the face of a continual demand for the complete abolition of derating, industry naturally envisages the possibility that its rate burden may be yet further increased in the future. Moreover, recent court decisions have established the rateability of certain items of plant and machinery about which doubt formerly existed, and in the view of industrialists gave an interpretation of the phrase "building or structure" considerably wider than had been envisaged in 1925. The cumulative effect of all these factors has been to produce a growing demand on the part of industry for a review of the Order.

### Principal legal decisions

14. The earliest recorded case under the Order to come before the courts gave a ruling on the nature of "chambers". In *Union Cold Storage Co. v. Southwark A.C.* (1932)—16 R. & I.T. 160, the Court held certain refrigerating chambers to be rateable under Class 4, both the walls of the chambers and the insulating linings being considered together for this purpose. This may be compared with a recent decision of the Court of Appeal in *Shell-Mex & B.P. Ltd. v. Holyoak (Valuation Officer)* (1958)—1 W.L.R. 331—where it was

held that an underground tank for storage of petrol consisted not merely of the metal container but also of the concrete and sand housing in which the container was installed and that the whole installation was rateable. This decision is under appeal to the House of Lords.

15. The rateability of electrical apparatus under Class 1 (a) was very fully considered in *Richard Thomas & Co. v. Monmouth County Valuation Committee and West Monmouthshire Assessment Committee* (1944)—1 All E.R. 417. It was held that main transmission of electric power included the whole of the distribution system up to the point where current was transformed to the pressure at which the power distribution circuit was supplied. In *Imperial Chemical Industries, Ltd. v. Owen (Valuation Officer)* (1954)—48 R. & L.T. 43, the Lands Tribunal held that "power" meant "any form of energy or force applicable to work" and included electric current used for electrolysis.

16. Plant which moves as a whole has been the subject of dispute from time to time. The leading case is *Cardiff Rating Authority v. Guest, Keen, Baldwin's Iron and Steel Co. Ltd.* (1949)—1 K.B. 385. The Court of Appeal decided that tilting furnaces and certain movable gas mains and hot and cold blast mains were rateable under Class 4. The obiter dicta are of great importance in laying down criteria for construing the words "in the nature of a building or structure"—words for which no definition exists. Denning, L.J., said:

"In this case the learned Recorder seems to have thought that these were not structures or in the nature of structures because they were movable. In my opinion, that was a misdirection. A structure is something which is constructed, but not everything which is constructed is a structure. A ship, for instance, is constructed, but it is not a structure. A structure is something of substantial size which is built up from component parts and intended to remain permanently on a permanent foundation; but it is still a structure even though some of its parts may be movable, as, for instance, about a pivot. Thus, a windmill or a turntable is a structure. A thing which is not permanently in one place is not a structure but it may be 'in the nature of a structure' if it has a permanent site and has all the qualities of a structure, save that it is on occasion moved on or from its site. Thus, a floating pontoon, which is permanently in position as a landing stage beside a pier, is 'in the nature of a structure' even though it moves up and down with the tide and is occasionally removed for repairs or cleaning. It has, in substance, all the qualities of a landing stage built on piles. So, also, a transporter gantry is 'in the nature of a structure', even though it is moved along its site. It has the same qualities as a fixed gantry, save that it moves on its site. Applying this interpretation to the facts of this case, I think that a tilting furnace is 'in the nature of a structure.' It has a permanent site and has the same qualities as any other furnace, save that it moves. The only difference is that, in order to run off the molten ore, it is tipped up instead of being tapped. Again, the mains are 'in the nature of a structure.' They have a permanent site and have the same qualities as any fixed mains, save that they are moved occasionally for cleaning or repair . . ."

and Jenkins, J., said:

"It would be undesirable to attempt, and, indeed, I think impossible to achieve, any exhaustive definition of what is meant by the words 'is or is in the nature of a building or structure.' They do, however, indicate certain main characteristics. The general range of things in view consists of things built or constructed. I think, in addition to coming within this general range, the things in question must, in relation to the hereditament,

answer the description of buildings or structures. That suggests built or constructed things of substantial size: I think of such size that they either have been in fact, or would normally be, built or constructed on the hereditament as opposed to being brought on to the hereditament ready made. It further suggests some degree of permanence in relation to the hereditament, i.e. things which once installed on the hereditament would normally remain in situ and only be removed by a process amounting to pulling down or taking to pieces. I do not, however, mean to suggest that size is necessarily a conclusive test in all cases, or that a thing is necessarily removed from the category of buildings or structures or things in the nature of buildings or structures, because by some feat of engineering or navigation it is brought to the hereditament in one piece. . . . The question whether a thing is or is not physically attached to the hereditament is, I think certainly a relevant consideration, but I cannot regard the fact that it is not so attached as being in any way conclusive against its being a building or structure or in the nature of a building or structure. . . . Nor can I regard the fact that a thing has a limited degree of motion in use, either in relation to the hereditament or as between different parts of itself, necessarily prevents it from being a structure or in the nature of a structure, if it otherwise possesses the characteristics of such. The list in Class 4 includes such things as elevators and hoists, transporter gantries, transversers and turntables, and weighbridges. It is true that things in Class 4 are rateable only 'to such extent' as they are buildings or structures or in the nature of buildings or structures; but I cannot regard this as necessarily excluding from rateability the movable parts of things which from their inclusion in the list are clearly regarded as capable of being in the nature of buildings or structures and from their very description must clearly possess some degree of mobility in relation to the hereditament or as between the different parts of themselves . . ."

17. Rotary kilns and coolers at cement works have come before the courts or the Lands Tribunal on several occasions.—e.g. *British Portland Cement Manufacturers, Ltd. v. Thurrock U.D.C.* (1950)—66 T.L.R. 1003; *Turner Portland Cement Co. Ltd. v. Thurrock U.D.C. and Spencer (Valuation Officer)* (1951)—44, R. & I.T. 632; *Jones (Valuation Officer) v. Rugby Portland Cement Co. Ltd.* (1952)—45, R. & I.T. 807; and *Gilmore (Valuation Officer) v. British Portland Cement Manufacturers, Ltd.* (1957)—50, R. & I.T. 129. The kilns and coolers have been held to be in the nature of a building or structure and rateable under Class 4.

18. An unsuccessful attempt was made in *Burton (Valuation Officer) v. Ogdens (Brighton), Ltd.* (1952)—45, R. & I.T. 470 to exempt certain types of ovens from rateability. The Court of Appeal held that the ovens were permanent and of such a size that they would normally be constructed from component parts on the hereditament and so were in the nature of a structure. Provers similar in construction to ovens held rateable in the last quoted case were held to be in the nature of structures in *W. Collier Ltd. v. Fielding (Valuation Officer)*—1958 1 W.L.R. 323, but the Court of Appeal refused to disturb the finding of fact by the Lands Tribunal that the movable parts of these provers and the movable parts of certain ovens were not structural in themselves, and did not form an integral part of the structure of the provers or ovens.

19. The rateability of various installations in oil refineries has not yet been fully argued before the Courts, but some of them came under review in *B.P. Refinery (Kent) Ltd. v. Walker (Valuation Officer)*—1957 2 Q.B. 305. A feature of interest is that heat exchangers, coolers, catwalks and pipes were declared not rateable because they did not correspond to any item named in

Class 4 of the Order and because in this instance they were not structural in character. Rateability had been claimed for certain parts of boilers whose primary purpose was to supply process steam. As boilers are not named in Class 4 a claim for rateability of the boilers as a whole could not be made though the boilers were clearly structures; but the greater part of the components of the boiler—(e.g. furnace, superheater, flues, economisers, soot hopper, foundations)—were identified with named items and being in themselves in the nature of a structure were held to be rateable.

20. We have thought it important to refer to these cases at this point of our Report, not only because they set out the present law on the subject as interpreted by the courts, but because the arguments used by the industrial ratepayers concerned throw light on their attitude to the present Order. It will be observed that with one exception all the cases are concerned with Class 4 of the Order. There has been no litigation on Classes 2 and 3 and only two cases on Class 1. We deal with this last matter in paragraph 48 of our Report. The field of contention lies almost wholly, therefore, in Class 4, and there the debate has been as to what plant and machinery can properly be described as being "in the nature of a building or structure". The industrialists have sought to contend in general that plant or machinery which moves, or can be moved, or parts which move, or can be moved, are not "in the nature of a building or structure". As will be seen, the courts have accepted that argument only to a limited degree.

21. It is therefore with the law as interpreted by the courts with regard to Class 4, and in particular with the interpretation of the words "in the nature of a building or structure", that the industrialists are dissatisfied. In the following paragraphs we explain and discuss their contentions on this matter.

## PART II: REPRESENTATIONS MADE TO THE COMMITTEE

### Abolition of detailed lists

22. Perhaps the most important proposal put to us was that there should be no list at all, and that rateability should be governed exclusively by the general words in the Third Schedule supplemented, perhaps, by a definition of the words "in the nature of a building or structure".

23. The possibility that the compilation of a list was not the best method of dealing with this question of plant and machinery and that the general words of the Act were, perhaps, a better guide had been mooted by Lord Evershed, Master of the Rolls, in *B.P. Refinery (Kent) Ltd. v. Walker (Valuation Officer)* 1957, referred to in paragraph 19 above. He said :

"The intention of Parliament as expressed in the opening terms of Section 24 (3) was undoubtedly laudable, but its hopes may be said to have been somewhat oversanguine. A descent into the realm of detailed description of all types and kinds of machines may, if the work of the Committee was (as I assume) thoroughly done, serve to illuminate all the dark places at the time when the catalogue was first composed ; but during the passage of thirty years the ingenuity of man has brought into being many new types of machinery not dreamt of in 1927. The arguments in the present case—and to some extent the arguments in the reported cases to which we have been referred—create at least a suspicion in the mind that some of the expensive litigation that has taken place would have been avoided if the questions concerned had been left for determination on the general terms of Schedule 3 to the Act."

He went on to say :

"It may, however, well be that, on the other side, many cases of doubt have been avoided by the Order of 1927, and have therefore never reached the courts at all. It is none the less legitimate to suggest that there would be much to be said for modern revision of the enumeration so elaborately put together thirty years ago."

24. When we received the written evidence of local authority associations, professional institutions and industrial and trade associations, we found a very wide consensus of opinion that the list should be abandoned. We have therefore devoted much time and care to examining the suggestion and have had the benefit of oral evidence from some of the bodies which proposed this course.

25. The reasons advanced for abandoning the list are as follows :—

- (i) The list is necessarily incomplete ; it is limited by the knowledge of the members of the Committee and the advice which they can obtain, and it is inconceivable that anyone could prepare a completely comprehensive list. Moreover, the list becomes out of date with the advance of technology and with the emergence of new forms of plant and machinery ; and this is the first occasion for thirty years that the list has been revised.
- (ii) Identical items of plant and machinery go by different names in different industries, with the result that some items escape rateability wrongly, creating injustice between different industries ; and there

is a tendency on the part of valuation officers to claim rateability for items not named in the list which are analogous to named items, so that uncertainty and confusion exist.

- (iii) The list is a fruitful source of disputes and litigation. More than anything else industrialists need certainty so that there may be no doubt as to the extent of their rate liability.

26. The argument that it was impossible to frame a satisfactory list primarily because any list became quickly out of date by reason of technological development seemed to some of us at the outset of our enquiry to be a formidable one, but a closer examination of the problem has shown that the argument has little weight. The example of the oil industry will illustrate this. That the oil industry has witnessed a vast development of its technological side during recent years will not be disputed. The Ministry of Power gave us a comprehensive list enumerating some 120 separate items of plant and machinery (each with its appropriate technical nomenclature) to be found in a modern refinery. We examined this list with the assistance of an expert from the Inland Revenue Valuation Department and (separately) from a firm of chartered surveyors. The conclusion reached was clear and unequivocal, and it was this : that in spite of the technological advance in the industry, practically all the items in the Ministry's list fell without dubiety into one of three classes—(a) buildings which were clearly rateable, (b) machinery which was clearly not rateable, and (c) plant and machinery which was clearly within Class 4 of the Plant and Machinery Order and therefore rateable. There were only six items which we found should be added to the list to make it a satisfactory and complete enumeration so far as the oil industry was concerned.

27. The Ministry of Labour Factory Inspectorate, the Ministry of Works, the Board of Trade, the Ministry of Supply, the Ministry of Transport and Civil Aviation, the Department of Scientific and Industrial Research, the Ministry of Housing and Local Government and the Valuation Department of the Inland Revenue also provided us with lists of modern plant and machinery and any installations with which their technical staff were acquainted. A critical examination of these lists led to the same conclusion, that the addition of a comparatively few items would make a satisfactory list under modern conditions.

28. It is important to recognise the reason for this. It lies in the fact that the list compiled in 1927 is not, as some people imagine, an enumeration of specific items of plant and machinery under their technical description or name. To a great extent it is a list compiled on the generic principle. That is to say, a very great amount of plant and machinery is defined in general terms, e.g. chambers (for various purposes), chimneys, cupolas, flues, conduits, retorts, silos, stills, tanks, towers (for various purposes), vats, and so on. We found that in fact these general terms satisfactorily and without much dubiety cover those parts of even the most modern installation which may be of the nature of a building or structure.

29. The use of general terms to define rateable plant and machinery disposes of the second argument that identical items of plant and machinery go by different names in different industries, with resulting inequity in the rating field because a mere name may determine rateability. In practice, we have found that a generic term satisfactorily describes items of similar function or construction although the trade name may differ, and avoids the necessity for revision when new plant of the same nature is introduced with a new trade name.



30. The third argument against the list is that it is a fruitful source of dispute and litigation. We are inclined to the view that too much has been made of the volume of dispute which has resulted from the use of the list. We would not regard the amount of litigation since 1949 as unduly large in a field where there is so much room for difference of opinion, and an examination of the cases which have reached the courts shows that the difficulty has been mainly over the interpretation of the words "in the nature of a building or structure" rather than over the use of the list as such. (This topic is dealt with in greater detail below). It is true that litigation in the courts is only the visible part of the iceberg of contention between ratepayers and the assessing authorities but we think that the cases litigated are a fair indication of the matters likely to cause dispute whether determined by litigation or compromise.

31. We have therefore reached the conclusion that the arguments against the detailed list are not well founded. We are further of the opinion that the list has positive advantages. We believe, for instance, that it does make for a greater degree of certainty, and we regard certainty as a most desirable objective in the rating field. We cannot doubt but that an industrialist who is considering his rate liability must derive something from examining a detailed list of rateable plant. If he were thrown back on interpreting the principles laid down in the Third Schedule, he would almost inevitably have to rely very heavily upon professional advice, and, at any rate until a body of case law had been built up, it seems to us that the possibility of disagreement among rating surveyors would be very great. Further, we doubt whether the request for the abandonment of the list was even in the industrialists' own best interests. To establish the rateability of an item of plant or machinery the valuation officer must at present surmount two obstacles. He must first show that it is named in the list, and if it is listed under Class 4 he must also show that it is, or is in the nature of, a building or structure. It follows logically that the existence of the list must act so as to exclude from rateability structures which are not named in the list, and if this obstacle were removed, the field of argument as to what is rateable must inevitably be extended. This may seem surprising in view of the fact that the list purports to be comprehensive, but we believe that there would be a real risk of an extension of rateability to heavy machines incorporating structural supports or framework, such as printing presses and rolling mills. The distinction between heavy machinery on the one hand and combinations of plant and machinery on the other is shadowy, and it might well be that valuation officers would feel bound to test in the courts the propriety of rating certain things whose exemption has not hitherto been in question. It is true that the industrialists seek to prevent an extension of rateability by introducing some *general* restrictions (which we discuss in paragraphs 34-47). It would, however, be quite possible to introduce these general restrictions while retaining the list, and it therefore remains true that the list *qua* list is itself a limiting factor.

32. Finally, we had to bear in mind that under our terms of reference we were engaged upon a technical review. Our primary duty was to prepare a revised list of rateable plant and machinery as it appeared to us to fall within any of the classes specified in the Act of 1925. In addition to that our terms of reference permitted us to review the interpretation placed upon the Order by the Courts and to consider whether the underlying intention of Parliament in 1925 could be better achieved by some change in that interpretation or by some minor amendment of the law. It did not seem to us, as a result of critical examination of the proposal to abolish the detailed list, that this would have been merely a minor amendment of

the law. In any case, the abolition would have involved an amendment to section 24 of the Act of 1925, and it was clearly at variance with our terms of reference. If, in the course of our examination of the problem, we had become convinced that the abolition of the list was necessary to achieve a satisfactory solution of the problem, we should have had to adopt the drastic course of asking for revised terms of reference.

33. To sum up, we cannot accept the contention that it is impracticable to prepare a satisfactory list. Our examination of the existing list leads us to the conclusion that little has been omitted. In fact the list has worked for thirty years, and it is only in recent times that it has encountered much criticism. We have now revised the list to the best of our ability, and although we would not presume to claim all-embracing knowledge for ourselves, we have had the advantage of expert advice from many quarters and we hope that little may be found to have been omitted. But we readily acknowledge the risk that omissions may have occurred, and we appreciate that in the course of a few years new items may need to be added to the list. To meet this difficulty we propose that the list should be re-examined more frequently than in the past, say, every five years. This periodical review might conveniently be timed to coincide with quinquennial revaluation, and should prove a satisfactory answer to the charge of inaccuracies and omissions. Appendix I of our Report shows a detailed statement compiled according to our terms of reference.

#### **Restrictions advocated with regard to the type of building or structure liable to rating**

34. As we have indicated in the preceding paragraphs, we have had comparatively little difficulty in compiling a new list and in coming to a unanimous agreement among ourselves as to the items to be included. Unfortunately, we have been unable to reach the same degree of unanimity on the question whether there should be introduced into the heading to Class 4 some words of definition which would limit the scope of rateability in that field. While we are agreed that some proposals of this kind must be rejected, we are not agreed about some others. In the following paragraphs we discuss first the proposals made to us which we unanimously reject and then those on which we differ. It is, perhaps, useful to say that, apart from the proposal that all process plant should be exempted (see next paragraph), all the suggestions spring from the contention that only "massive" plant or machinery should be rated and that it is necessary or desirable to find some words of definition to achieve this end because under recent court decisions installations which are not "massive" are, in fact, rated.

##### **(a) Exemption of process plant from rating**

35. The most extreme contention addressed to us is that the Act of 1925 intended to derate process plant completely and that its intention has been frustrated by the Order of 1927. It has been urged upon us that rateable plant and machinery under the existing law is found much more widely in heavy industry than in light industry and that an equality of burden between different industrialists can only be secured by the complete exemption of process plant and machinery from rating. It is estimated that the rates paid on plant and machinery are to the order of £12 million, and the information we have confirms that its incidence between different industries varies widely. We have indicated in paragraphs 6 and 7 above our view of the intention of Parliament in 1925. We do not believe that there was any intention of exempting process plant and machinery completely; this emerges quite clearly from the list of examples quoted in Class 4 in the Third Schedule to the Act, i.e. gas-holders, blast furnaces, coke ovens, tar distilling plant,

cupolas, water towers and tanks. Moreover, Class 4 of the Order of 1927 contains a very great deal of process plant and machinery, and as it was confirmed by Parliament shortly after the passage of the Act of 1925, it must be presumed accurately to convey Parliament's intention at the time. The question whether the burden of rates is equitably distributed among industry is outside our terms of reference, as we are required to adhere to the general concept of rating of plant and machinery as contained in the Act of 1925. We therefore make no further comment upon the merits of the suggestion. While therefore we are all agreed that it is clear that the Act of 1925 and the Order of 1927 provided for the rating of wide classes of process plant and machinery, Mr. Dulake and Mr. Pickworth wish to place on record their view that the proposal to exempt (like tools of trade) all process plant and machinery has great merit.

**(b) Exemption of plant which can be moved from place to place**

36. We have examined this proposal with the greatest care because, *prima facie*, it seemed to provide an objective test of what may reasonably be regarded as chattels, loose tools or minor equipment on the one hand, and structures and buildings which are so "massive" or fixed as to be properly regarded as part of the hereditament on the other. But closer examination of the proposal reveals its weakness. Engineering techniques nowadays are such that it is physically possible to move almost anything. Huge structures of steel can be dismantled, transported and re-assembled in another place. Large tanks and towers can now be carried by road without any dismantling taking place. Still larger tanks can be floated from place to place. This process will undoubtedly continue, and any definition which was based on practicability would almost certainly take on a new meaning as time went on, and would probably defeat its original intention by eventually exempting more than was intended.

**(c) Exemption of plant which it is economically practicable to move**

37. This is only a slight variant of the preceding proposal, but in our view would lead to even greater uncertainty and dispute. What would be economical for one industrialist might not be so for another, and what might be economical for one plant in one location would not be economical for similar plant in another location owned by the same industrialist. In any event, the test might remove from rateability large and massive installations. We therefore unanimously reject this proposal.

**(d) Exemption of plant which in the normal course of business is regarded as transferable and which is limited in weight, size and volume**

38. This is one of the proposals on which we differ. We will endeavour to put the opposing views as succinctly as possible.

39. Mr. Lyell finds it unacceptable and his views are as follows. The present test of rateability of any plant or combination of plant and machinery named in Class 4 appears to him to have three important advantages.

- (i) It is clearly consonant with the primary principle of rating liability, namely, that what is to be rated is land with the buildings and structures thereon.
- (ii) The evidence required to apply this test is easy to ascertain, for it consists only of a full description of the physical characteristics and mode of construction of the objects under consideration.
- (iii) It has worked without undue dispute.

In his view the proposal favoured by the other members of the Committee is a departure from the primary principle referred to above, since the probable effect of its application would be to treat certain objects which are structures or in the nature of structures as not being part of the hereditament, while other objects which are similar in all respects save for a small difference in size or weight would be included in the hereditament. Such an arbitrary division seems to him likely to cause more inequity than would arise from the occasional but inevitable border-line decisions as to whether some object is or is in the nature of a building or structure.

The factual test of the existence of a practice of the trade to move a particular type of plant from one part of a hereditament to another, which is substituted for the structural test, appears to him likely to raise more difficulties than it solves. The movability of a piece of plant has no necessary relevance to the determination of the question whether such plant is part of the hereditament on which it stands; for modern methods of construction readily permit of a structure being dismantled and re-erected elsewhere. It seems inequitable that of two pieces of plant of similar size and mode of construction (e.g. made of structural steel) one should not be rateable, because in the trade in which it is used there is a practice of dismantling plant and using it elsewhere, while the other, although it could be dismantled and moved with equal ease, is rateable because there is no practice in that trade of dismantling such plant and using it elsewhere.

Lastly, in case of dispute the proof of a practice of the trade is likely to involve the calling of a considerable number of witnesses and to add to the cost of determining the dispute.

40. The rest of us think there may be something in industry's contention that there has been a rising tide in the scope of rateability over the last few years and in their fears that this tendency may continue. It may be that these fears are exaggerated, but there is no denying that they exist, and we think that there is some justification for the view that certain court decisions have tended to widen the scope of rateability from what was originally intended. It has, however, been established that "a structure is something of substantial size which is built up from component parts and intended to remain permanently on a permanent foundation;"—vide Lord Justice Denning's statement quoted in paragraph 16 above. We think we should make an attempt to find a form of words which will keep small structures out of liability and which will give some industries some reassurance against what it regards as an undesirable extension of rateability. The formula we suggest is:

"Provided that in determining what items of plant or combinations of plant and machinery fall within the above mentioned class no account shall be taken of the following plant or combinations of plant and machinery, that is to say—

Any item of plant or combination of plant and machinery excluding foundations, settings and supports which it is the practice of the trade in which such plant or combination of plant and machinery is used to move as required from one part of a hereditament to another or from one hereditament to another, not exceeding twenty tons in weight, or fifty feet in its longest dimension, or ten thousand cubic feet in volume measured from external dimensions."

The idea behind the formula is that items which do fall within it should be regarded as chattels in spite of the fact that it is arguable that they are structures or in the nature of structures. It is possible that the introduction

of a new formula or definition will result in some litigation and some uncertainty, and it is clear that the test of size is a purely arbitrary one. Nevertheless, we think that a definition on these lines should be seriously considered as a possible way of meeting the fears of industry.

**(e) Plant which moves as a whole**

41. Another proposal which has been pressed with some vigour, and on which we differ, is that plant which moves or rotates should not be rated. We refer in paragraphs 16 and 17 above to cases in which tilting furnaces and rotary kilns at cement works have been held by the courts to be "in the nature of a building or structure" and to be rateable. Industrialists contend that the new Order should exclude all such plant and other plant which moves as a whole in the course of their operations.

42. The Chairman and Mr. Lyell cannot accept this view. There is no doubt in their minds that these installations, which are often massive, are structures or in the nature of structures. To exempt such plant would in their view involve ignoring the fact that Parliament intended to rate not merely buildings and structures but plant which is in the nature of a building or structure, and they respectfully accept the view expressed by Mr. Justice Jenkins (quoted in paragraph 16 above) that one of the classes of things comprised in this term is plant which has a limited degree of movement when in operation. It appears to them unreasonable that massive rotary kilns or tilting furnaces should escape rateability whilst their static counterparts, which exist to perform essentially the same function but differ from them in technical respects, should be liable to rates. To exempt moving plant (and the movement might be quite small) and to rate static plant would be to create inequity within the industries where such plant is in use, and this, they think, would be indefensible. To put the subject in perspective they would say that the distinguishing characteristic of plant is that it is essentially static, as opposed to machinery which is essentially dynamic. Apparatus which primarily achieves its results by movement of its parts is a machine, pure and simple, and not intended to be rated under section 24 and the Third Schedule to the Rating and Valuation Act, 1925. On the other hand apparatus remains plant or combination of plant and machinery when its results are not achieved primarily by mechanical action (e.g., by the application of heat or the chemical reaction of one substance upon another) even though it has a limited degree of movement designed to assist the performance of its primary function.

43. The other three members of the Committee, however, consider that it would be right to exempt all power-operated plant which moves or rotates, and that the practical advantages of so doing far outweigh the theoretical disadvantages. They think that a structure is essentially static and that the actual revolving or moving parts of an item of plant cannot be considered to fall within the definition of a structure in the context of something akin to a building. In their view an installation, even a large one, which moves in the course of its operation takes on the character of machinery, and the general intention of the legislation has always been to exempt machinery from rateability. They also think that the specific exclusion from rating of all items of plant and machinery which move will contribute materially towards the very desirable ends of both uniformity of practice and of clarity regarding the limits of rateability, since at present some items of plant which move are rated although generally speaking they are not. The fact that such parts are movable also makes their transfer in the sense referred to in paragraphs 38-40 above more possible, and they consider that this is a

factor which should be taken into consideration. They therefore suggest the following proviso be incorporated in the heading to Class 4:

"Provided that in determining what items of plant or combinations of plant and machinery fall within the above-mentioned class no account shall be taken of the following plant or combinations of plant and machinery, that is to say—

Any items or parts that move or rotate."

**(f) Ancillary and moving parts**

44. There is one comparatively minor matter on which we all think that industry's apprehensions may properly be met. Until recently there was some doubt whether plant and machinery which was rateable under Class 4 of the Order of 1927 should be considered as a functional entity. Under this theory, an item of plant which is generally structural in character would be rateable as a whole including any ancillary parts, which might include moving parts, and which might not themselves be in the nature of a structure. The justification for this view is that the ancillary parts are necessary to the working of the whole, and it is illogical to rate the main structure and exempt the subsidiary parts. This is no new problem; the 1926 Committee were faced with the same issue in preparing their Report. As we have said in paragraph 10 above Class 6 of the Committee's Report was drawn up upon the basis of what is nowadays termed the functional entity theory. The Order of 1927 modified the Committee's Report so that rateability in Class 4 was confined to that part of any item of plant and machinery which was itself structural in nature.

45. The issue came before the courts in *W. Collier Ltd. v. Fielding (Valuation Officer)* (1958)—see paragraph 18 above. The case concerned ovens and provers in a bakery where the Inland Revenue sought to rate not only the outer shell and insulated linings of the ovens and provers themselves, but also the moving parts which carried the baking trays by an endless conveyor system through the ovens and provers respectively. The Lands Tribunal found as a fact that the moving parts did not form an integral part of the ovens and provers as structures, and the Court of Appeal ruled that this was the question which governed rateability.

46. The law is thus clearly established; functional entity has been displaced in favour of structural entity. We have no reason to suppose that the Inland Revenue would not be guided by this decision in their approach to any comparable cases in the future, but industrialists have displayed some anxiety on this score, and we think it would be as well to establish by Order that ancillary moving parts are not to be rateable. We have therefore inserted a proviso to the heading to Class 4 in the statement appended to our Report which is intended to clarify this issue. The proviso is in the following terms:

"Provided that where a combination of plant and machinery is or is in the nature of a building or structure any ancillary apparatus forming part of such combination which when such combination is in use is power-operated shall not be valued as part of the hereditament."

47. This disposes of the principal recommendations which have been made to us concerning Class 4. There has been no complaint about Classes 2 or 3, and we accordingly turn our attention to Class 1.

**Generation of power**

48. It has also been represented to us that clarification is desirable of the word "generation" in line 5 of paragraph 1 of Class 1 (a) of the Order; and it has been suggested that the word "primary", "initial" or "first" should be inserted before the word "generation".

49. It is our view, however, that no such addition is necessary as there is no doubt that "generation" covers only what is sought to be expressed by the additional words.

### Electric power

50. It has been represented to us that the definitions of primary transformation and main transmission of electric power in Class 1 (a) of the Order of 1927, as interpreted in *Richard Thomas and Co. v. Monmouth County Valuation Committee and West Monmouthshire Assessment Committee* (1944)—see paragraph 15 above—have the effect of rating electric power more severely than any other form of power. Where steam power is in use, the main shafting connected to the source of power is rated, but any lay shafting or other secondary form of shafting is not. Similarly with hydraulic or pneumatic power, rateability ceases at the end of the main supply. Electric power, however, is rated to the point at which it is distributed at a pressure at which it can be directly applied to work. Expert opinion nowadays would regard this as going beyond main transmission of power and entering upon secondary transmission of power. We are sure that it was the intention of the 1926 Committee to deal equitably between the various forms of power, but we are satisfied that the case has been substantiated that owing to the increasing complexity of electrical circuits in the last thirty years the intentions of the Committee have not been fulfilled. We have therefore devised revised definitions with the object of righting this situation.

### Drainage

51. Class 1 (b) of the Order of 1927 is concerned with the rating of plant and machinery which is installed for the purpose of heating, cooling, ventilating, lighting, or draining a hereditament, supplying it with water or protecting it from fire. The proviso to this class ensures that any such plant or machinery which is installed for a manufacturing or trade process is not to be rated on account of the fact that it carries out any of the processes described in the class. The proviso, however, does not refer to "draining", and it has been represented to us that this omission should be repaired. We think that the reason for this anomaly is that at the time when the Order was compiled little if any purification of trade effluent was carried out in industrial premises and there was no need for special plant and machinery for that purpose. Nowadays, however, trade effluent must conform to certain standards of purity before it is discharged into the public sewer, and purifying plant is necessary for that purpose. We therefore think it is right that "draining" should be inserted in the proviso to Class 1 (b).

52. Unfortunately there is a legal obstacle to our making this amendment to the list. The word is not only omitted from the Order; it is also omitted from the Third Schedule. It would presumably be *ultra vires* for a revised Order to insert the word in the proviso in advance of a corresponding amendment to the Third Schedule. We are accordingly in favour of this minor amendment to the law being made as soon as an opportunity occurs. This will no doubt have to be followed by a corresponding amendment to the Order then in force.

53. The practical effect at the moment is that all drainage plant is rated under Class 1 (b). When relief is given by an amendment to the proviso, it will then be necessary to ensure that any such plant which is in the nature of a building or structure is named in Class 4. In our view this can be met by the addition of the item "Filter beds."

## PART III: COMPARISON WITH SCOTLAND

### The law in Scotland

54. The law governing the rating of plant and machinery in Scotland was summarised in the Report of the Inter-Departmental Committee of 1923 (see paragraph 4 above). The relevant Acts are the Valuation of Lands (Scotland) Act, 1854, and the Lands Valuation (Scotland) Amendment Act, 1902. The Committee said in paragraph 6 of their Report :

“(1) *Outside a Building.*—Machinery and plant outside a building must be included in the valuation if so fixed or attached as to make it heritable in accordance with the Law of Fixtures as between Heir and Executor.

(2) *Inside a Building.*—(a) Machinery, machines or plant for producing or transmitting first motive power, or for heating or lighting the building, must be included in the valuation (except, possibly, any article which may be absolutely unattached) ;

(b) Other machines, tools or appliances are not to be included in the valuation unless they are so fixed that they cannot be removed from their place without necessitating the removal of any part of the building.”

55. The Committee recommended that the exemption accorded to machinery and plant inside a building which was capable of being removed without removal of any part of the building should be extended to similar types of machinery and plant outside a building, but although provision was made in a Bill introduced into Parliament in 1925, the recommendation was not put into effect. It is noteworthy that there is no list of rateable plant and machinery in Scotland corresponding to the Order which we are revising ; the principles contained in the Acts stand without any authoritative amplification other than the precedents established in case-law.

56. The Scottish Valuation and Rating Committee noted in their Report\* that where electric power was imported electric motors were rated in Scotland but not in England and Wales, and that the Scottish definition of plant and machinery which could not be moved without the removal of any part of the building had the dual effect of rating some plant which would be exempt in England and Wales and exempting other plant which would be rated in England and Wales. They recommended that further consideration should be given to the consequences of adopting in Scotland the principles by which machinery and plant was valued in England and Wales. The Committee did not, however, favour the introduction of a detailed list.

57. The law regarding the rating of plant and machinery has not been changed by the Valuation and Rating (Scotland) Act, 1956.

### Divergence between England and Scotland

58. Some of the recommendations made to us which we have rejected—the proposal to abandon the detailed list and the proposal to exempt plant which is capable of being moved—are to some extent a suggestion that part of Scottish law and practice should be adopted in England and Wales. Since no representations have been made against the continuance of the Scottish system in that country, our conclusion that the proposals would be unsatisfactory in England and Wales may arouse some comment.

\* Cmd. 9244 (1954).



59. But the different countries have gone their separate ways for many years. Traditions have been established, case-law has been built up, and a pattern of rating has emerged which has gained consent from usage. We are not starting with a clean slate ; if we were, uniformity might be the right course. We have endeavoured to show that adoption of these proposals would significantly disturb the existing incidence of rating in England and Wales, and we should not regard greater uniformity with Scotland a sufficient justification for such an effect.

## PART IV : THE COMPOSITION OF THE STATEMENT

### Class 1

60. Here we have introduced a new definition of main transmission of electrical power to meet the contention that the words in the present Order in defining main transmission of power in relation to electrical power went beyond the intention of the committee and were out of line with the definitions of main transmission of other kinds of power. To achieve this limitation we have found it necessary to add a definition of "transformer". This reform will afford a relief to heavy users of electricity.

61. The only alteration we have found it necessary to make to the schedules to Class 1 is to insert gas turbines under (b) of the schedule to Class 1 (a).

### Class 4.

#### The heading

62. It has been put to us that the wording of the heading to Class 4 in the Order is unsatisfactory. The use of the word "parts" seems inconsistent with the list which follows, containing, as it does, many separate items of plant. The words "whenever and only to such extent as" have the effect of restricting rateability to that part of each named item which is, or is in the nature of, a building or structure. We have therefore framed a revised heading which introduces the word "items" in place of the word "parts" with the intention of clarifying the meaning of Class 4. The proviso is that referred to in paragraph 46 dealing with the exemption of ancillary moving parts. So far we are all agreed. At this point we would draw attention to the two other possible amendments to the heading which do not enjoy our unanimous support: that set out in paragraph 40 exempting plant below certain dimensions which is moved in normal trade practice, and that envisaged in paragraph 43 exempting all plant which moves or rotates. We have endeavoured under each paragraph to set out our ideas of the necessary provisos. If more than one of these suggestions are accepted it would in our view be desirable to have a composite proviso covering the acceptable points.

#### Compilation of the statement

63. The revised statement in Appendix I represents our unanimous recommendation. We are aware, however, that it will meet with criticism in some quarters. When we had compiled a draft list we circulated it to the various bodies which had submitted evidence inviting their comments, and a number of objections were made. We deal with the major points below.

#### Combination of generic and specific terms

64. Some have observed that the list is a mixture of generic and specific terms, and have expressed the opinion that the result is unsatisfactory. We have explained in paragraphs 28 and 29 why we think the use of generic terms is to be commended, and we need not reiterate that here. From an examination of the Order we have formed the opinion that the guiding principle of our predecessors was to use generic terms wherever possible, but to supplement them with specific examples in order to make the list more informative, and in a few cases to specify individually certain items which did not appear to fall readily under any general heading. This seems to us a practical approach, and with the aim of causing as little disturbance as possible to something which has proved workable, we have retained this general framework.

## Grouping

65. One complaint was that the order and grouping of the list is illogical and confusing, and that it would be better to list each item in strict alphabetical order. This is, of course, a possible solution but not one which we favour. In our view the groupings in the list follow a recognisable pattern, and we think that alphabetical order might be just as likely to lead to the complaint that related items were scattered throughout the list by the accident of their initial letter, as the present system is to cause difficulty in finding terms which are grouped with others. We are also mindful of the fact that the Order has been in the hands of rating surveyors and the general public for thirty years, and we see no advantage in substituting an unfamiliar arrangement.

### The new list to Class 4

66. We set out below a statement showing the relation of the old list to the new. Additions to the old list are in italics and deletions from the old list are shown in square brackets.

*Accelerators ;*  
*Acid Concentrators ;*  
*Aerial Ropeways, supports for ;*  
*Bins, Hoppers and Funnels ;*  
*Blast Furnaces ;*  
*Bollers ;*  
*Bridges ;*  
*Bunkers ;*  
*Burners, Bessemer Convertors, Forges, Furnaces, Kilns, Ovens and Stoves ;*  
*Chambers, Vessels and Containers for :—*

*Absorption of gases or fumes ;*  
*Aerographing and Spraying ;*  
*Bleaching ;*  
*Chemical Reaction ;*  
*Conditioning or Treatment ;*  
*Cooling ;*  
*Diffusion of Gases ;*  
*Drying ;*  
*Dust or Fume Collecting ;*  
*Fibre separation (Wool Carbonising) ;*  
*Fuming ;*  
*Impregnating ;*  
*Mixing ;*  
*Refrigerating ;*  
*Regenerating ;*  
*Sandblasting ;*  
*Shotblasting ;*  
*Sterilising ;*  
*Sulphuric Acid ;*  
*Testing.*

*Chimneys ;*  
*Coking Ovens ;*  
*Condensers and Scrubbers :—*

*Acid ;*  
*Alkali ;*  
*Gas ;*  
*Oil ;*  
*Tar.*

[Conveyor gantries ;]  
*Coolers, Chillers and Quenchers ;*  
 Cooling Ponds ;  
 [Crane gantries ;]  
 Cupolas ;  
*Economisers, Heat Exchangers, Recuperators, Regenerators and Super-heaters ;*  
 Elevators and Hoists ;  
 Evaporators ;  
 Fan Drifts ;  
*Filters and Separators ;*  
 Floating Docks and Pontoons, with any Bridges or Gangways not of a temporary nature used in connection therewith ;  
 Flues ;  
 Flumes, Conduits, *Main Pipelines ;*  
 Foundations, Settings, *Fixed Gantries*, Supports, Platforms and Stagings for plant and machinery ;  
 Gas :—  
     Holders ;  
     Producers and Generators ;  
     Purifiers and Cleansers.  
 Headgear :—  
     Mine, Quarry and Pit ;  
     Well.  
 Hydraulic Accumulators ;  
 Masts (*including Guy Ropes*) and Towers for :—  
     *Radar ;*  
     *Television ;*  
     Wireless.  
 Pits, Beds and Bays :—  
     *Acid Neutralising ;*  
     Casting ;  
     Cooling ;  
     Drop ;  
     Inspection or Testing ;  
     Liming, Soaking, Tanning or other Treatment ;  
     Settling.  
*Precipitators ;*  
 Racks ;  
*Reactors ;*  
 Refuse Destructors and Incinerators ;  
 Retorts ;  
 Ship Construction and Repair :—  
     Slipways ;  
     Uprights ;  
     Cradles ;  
     Grids.

Silos ;  
 Stages, Staithes and Platforms for loading, unloading and handling material ;  
 Stills ;  
 [Superheaters ;] (included under " Economisers, etc.")  
 Tanks ;  
*Telescopes, including Radio Telescopes ;*  
*Tiplers ;*  
 Towers and Columns for :—  
     Absorption of gases or fumes ;  
     Chemical Reaction ;  
     Cooling ;  
     Oil Refining and Condensing ;  
     Treatment ;  
     Water.  
 [Transporter gantries ;]  
 Transversers and Turntables ;  
 Vats ;  
*Walkways, Stairways, Handrails and Catwalks ;*  
*Washeries and Dry Cleaners for Coal ;*  
 Weighbridges ;  
*Well Casings and Liners ;*  
 Windmills ;  
*Wind Tunnels.*  
 [Wireless Masts.] (included under " Masts.")

#### **Additions to the list**

67. There has been a general acceptance of the insertion in the list of new types of plant which have appeared since 1927, but there has been a good deal of protest against the addition of certain items of plant which we recognise were in existence at that date. It is argued that these items of plant must have been deliberately omitted by the 1926 Committee and their insertion now is an unwarrantable extension of rateability.

68. The Third Schedule to the Act of 1925 lays down the principle that plant and combinations of plant and machinery which are, or are in the nature of, a building or structure are to be rateable in Class 4. Our task is to identify and name all the items which in our opinion fall within that description, and our terms of reference specifically direct us to the concept of rating contained in the Third Schedule. If, therefore, we find items of plant which in our view fulfil the conditions but are not named in the list, we conceive it to be our duty to insert them notwithstanding that they existed in 1927. We have carefully considered the representations which have been made to us, but have been unable to accept that the purview of our enquiry is restricted to plant which was unknown in 1927. The quality of the work done by our predecessors cannot be too highly praised, but it would have been a remarkable achievement indeed if they had made no omission whatever, and the experience of thirty years has revealed some gaps which should now be filled. Doubtless a future committee will find it necessary to repair the omissions made by ourselves. If there had been no list in the past, plant covered by items which we have now added to the list would if structural have been rated before.

69. We now follow with some comments on certain of the additions to the list, dealing first with the new plant and then with the old.

**(a) Atomic and nuclear energy**

70. The most important example of plant which is a recent development is obviously atomic plant. We have been advised by the Atomic Energy Office that no provision is at present required in Class 1; there are unlikely for some some years to be reactors producing power as their primary product other than those operated on behalf of the Electricity Generating Boards, and these are subject to special rating arrangements and do not come within the scope of our statement.

71. We recommend the inclusion of reactors and accelerators in Class 4. The first research reactor built for an industrial organisation in this country has recently come into operation, and others will no doubt be installed in research organisations as time goes on. Accelerators, which are used to study the behaviour of atomic particles, are already in use in various establishments—particularly in universities. We think that both reactors and accelerators are capable of being in the nature of a structure and should therefore be included in the list. In so far as this may impose fresh rating burdens on universities carrying out research, objections may be raised on grounds of public policy; but it does not lie within our province to comment on this aspect, and we content ourselves with drawing attention to the difficulty.

72. There are other kinds of plant of a structural character in the possession of the Atomic Energy Authority. These are deemed to be occupied on behalf of the Crown; they are the subject of a contribution in lieu of rates by the Treasury and do not fall within the scope of our statement. The principle was laid down by the Treasury many years ago that the contribution on Crown property should be equivalent to what would have been payable in rates had the property been in civil occupation. It would be possible to argue from this basis that no contribution should be made in respect of atomic plant not named in the list. We are informed, however, that the Treasury Valuer's practice is to assign a value to any plant of this kind which on a reasonable view would be regarded as being in the nature of a structure. This renders it unnecessary for us to include in the list items only found in the possession of the Atomic Energy Authority merely to ensure that a fair contribution in lieu of rates is made on behalf of the Crown.

73. Atomic and nuclear energy obviously constitute a field in which spectacular developments may be expected in the future to an extent which no one can at present foresee. The need for regular revision of the list is particular apposite in this instance.

**(b) Boilers**

74. This is undoubtedly the outstanding example of plant in existence in 1927 which we have added to the list, and it has evoked the most opposition. Under the 1927 Order boilers are rateable in Class 1 but not in Class 4. This has seemed anomalous to some people, but in fact the anomaly is only superficial. The justification for rating boilers in Class 1 is that they can be used to generate power or to provide heat for the hereditament. In this context it is irrelevant whether the boilers are structural in nature or not; it is their purpose which determines rateability. The test in Class 4 of the Third Schedule is whether the plant is, or is in the nature of, a building or structure. As they are not named in Class 4 of the existing Order, process boilers as such have not hitherto been rated, but many of

the component parts have been identified with named items and rated individually, and the effect has been that in some cases about 50-60 per cent of the boiler has been rated.

75. It has been argued by some that the 1926 Committee could hardly have overlooked something of the importance of boilers and that their omission from Class 4 must have been deliberate, but we have been unable to ascertain their reasons. Certainly boilers were in existence—not only Lancashire and Cornish boilers which were in every sense chattels but also water tube boilers, although not of such a size as is found today. Probably the largest boilers were located in power stations (which have never been affected by the Order) but boilers were also used in paper making, sugar refining and chemicals. We, however, are in no doubt that some of the present day process boilers are structures and require only to be named in the list to be rateable.

76. It has been strongly represented to us that process boilers are specifically exempted from rating by the proviso to Class 1 in the Third Schedule and to Class 1 (b) in the Order. We cannot accept this contention. It seems to us that the effect of the proviso is to prevent process plant and machinery from being rated in Class 1 (b) merely because incidentally to its use for process purposes it performs the function of heating, lighting, etc. To be rateable in Class 1 (b) plant must perform that function mainly or exclusively in relation to the hereditament. This leaves the question completely open whether it can be rated in Class 4, because the classes are cumulative, not mutually exclusive. Here it is necessary that the plant should be named in the list, and should be, or be in the nature of, a building or structure. We are satisfied that many boilers are structures, and we have therefore thought it right to include them in Class 4 in our statement.

### (c) Pipes

77. There has been a good deal of doubt about the extent to which pipes were rateable in Class 4. At an oil refinery, for example, pipes form an item of considerable value, and it is most desirable that the rateability of pipes should be clarified if possible.

78. It is exceptionally difficult to decide in what circumstances pipes form a structure. They are obviously joined together on the site and they thus satisfy the criterion of being built up from component units. Their permanence is not easy to judge; it is fairly simple for pipes to be dismantled and re-erected elsewhere, and in practice this occurs as circumstances dictate. The question whether pipes are of substantial size is not susceptible to any rule of thumb test. Pipes with a large diameter may be quite short, and it is equally possible for very long pipes to be made of light material and of small diameter.

79. The only items in the existing list with which pipes can be identified are "Flues" and "Flumes and conduits". These terms do not readily apply to some kinds of pipe which are nevertheless structural in character, and we think that some addition to the list is called for.

80. The most obvious and logical course would be to insert the term "Pipes", *simpliciter*. This would leave the question whether the pipes were, or were in the nature of, a structure to be decided on the facts of each case. It may be that a very few test cases would give sufficient guidance to reduce the difficulty of judging the structural quality of pipes to small proportions. However that may be, we have little doubt that it would meet with opposition on the part of industry. Hitherto rateability has been confined

broadly to considerable lengths of piping carrying a main supply from one point to another, and has excluded the many pipes closely associated with some forms of process plant. Industrialists would fear, not without reason, that the word "Pipes" in the list would result in large process pipes being rated. This would constitute a significant extension in rateability.

81. We were inclined to use the expression "pipelines and mains" in the belief that it would be understood in industry to connote considerable lengths of piping of substantial capacity and to exclude subsidiary and branch piping. This description, necessarily vague though it is, seemed to us to correspond to a reasonable scope of rateability, and we included it in the draft list circulated for comment. We found, however, that it met with wide opposition and mistrust. The critics feared that its scope would prove to be much wider than we had intended. In particular it was thought that the expression would embrace some of the pipes in and about plant and machinery which had been excluded from rateability in the Kent oil refinery case in 1957. We should like to place on record that it was not our intention to bring such pipes into rating.

82. An alternative form of wording which has been suggested to us is "main pipelines". We think this may be a better term and we have adopted it in our statement, but we should be content to see any form of words used which correctly conveys the idea we have in mind.

#### **(d) Walkways, stairways, handrails and catwalks**

83. The inclusion of this item has caused a good deal of comment. Our attention has been drawn to the judgment of Lord Evershed, M.R., in the Kent oil refinery case in 1957 when he said "I add that I also entertain no doubt that the catwalks . . . cannot in any case be regarded as constituting a building or structure or anything in the nature of a building or structure". It has been asserted that we are attempting to reverse this decision. But we do not so read the decision. It seems to us that Lord Evershed's pronouncement was a finding of fact in the case before him. The insertion of catwalks in the list does not remove the necessity for deciding in individual cases whether a catwalk is a structure or in the nature of a structure. This is not pre-judged in any way; but we are quite satisfied that catwalks exist which are structures. Similarly with walkways, stairways and handrails. We therefore consider it proper to insert the item in the list.

#### **Gantries**

84. The extent to which gantries should be rateable has caused us a good deal of anxious thought. The difficulty seems to arise from the fact that gantries mean different things to different people. Gantries are structures which serve as supports and they are frequently used to carry a crane. Few people would dissent from the view that a fixed gantry, such as is used to support signals over railway lines, is a structure which should properly be rateable in Class 4. Equally, there would be few who would deny that a crane is a machine, pure and simple, and should be regarded as a chattel, exempt from rates. (It is, of course, not named in the list). Where the two are combined, the dividing line becomes a matter of debate. Some gantries consist of supports carrying two parallel rails above the ground. A structural section moves longitudinally along the gantry, and a traveller, containing the actual hoist, moves laterally along the moving section. An alternative arrangement is for the whole structure to move along rails fixed on the ground, with a travelling member to perform the lateral movement.

85. Expert opinion is divided on what constitutes the gantry and what the crane, and this throws doubt on the meaning of some of the terms already in



the list—i.e., conveyor gantries, crane gantries and transporter gantries. In order to clarify the situation and to effect what we regard as an equitable solution, we are in favour of the exemption of all moving parts on gantries. The only entry in Class 4 of our statement is therefore "fixed gantries" in the composite heading: "Foundations, settings, fixed gantries, supports, platforms and stagings for plant and machinery".

#### **Plant which moves as a whole**

86. Three of our number have recommended in paragraph 43 the exemption of plant which moves or rotates. We think we should draw attention to the effect this recommendation would have on the items we have added to the list. Bessemer convertors would be almost wholly exempt; only the supports would be rated and as these are probably covered by another heading the item could presumably be omitted from the list. The rateable part of tipplers would exclude the tilting portion of the apparatus.

87. A very special example of a moving piece of plant and machinery is the large radio telescope at Jodrell Bank which is unquestionably a very costly instrument and a full rating assessment on it would presumably be high. (We understand that at present only the fixed base of the telescope is assessed.) It is owned and operated by Manchester University, and we gather that the university are liable for the rates. It is no part of our duty to discuss questions of general rating policy, but it is evident that this situation may give rise to controversy. We therefore draw attention to it.

88. It is scarcely necessary to add that several items in the old list will also gain partial or complete exemption, such as tilting furnaces, rotary kilns, etc.

## PART V: SUMMARY OF RECOMMENDATIONS

89. We have in accordance with paragraph 1 of our terms of reference prepared the revised statement set out in Appendix I.

90. In Class 1 (a) we have made one important alteration limiting the rateability of apparatus used for the transmission of electrical power, and we have made one small addition to the plant named in the schedule. [*Paragraphs 50, 60 and 61.*]

91. We recommend no alteration in Classes 2 and 3.

92. Under Class 4 we recommend certain additions to and deletions from the existing list of rateable plant and machinery. [*Paragraphs 66-85.*]

93. In accordance with paragraph 2 of our terms of reference we unanimously recommend the following amendments to the heading to Class 4 of the statement:

(a) that the word "items" be substituted for the word "parts"; [*Paragraph 62*] and

(b) that ancillary moving parts are not to be rated. [*Paragraphs 44-46.*]

94. A proposal which has received the support of a majority of the Committee is that power-operated plant which moves or rotates should be exempt. [*Paragraphs 41-43.*]

95. Another proposal which has also received majority support is that small movable items of plant should not be rated. [*Paragraphs 38-40.*]

96. Under paragraph 3 of the terms of reference we recommend the insertion of the word "draining" in the fifth line of the proviso to paragraph 1 of the Third Schedule, with a corresponding amendment to the Order. [*Paragraphs 51-53.*]

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## APPENDIX I

REVISED STATEMENT PREPARED IN ACCORDANCE WITH THE PROVISIONS OF  
SECTION 24 (6) OF THE RATING AND VALUATION ACT, 1925

*Classes of machinery and plant deemed to be part of the hereditament*

### CLASS 1 (a)

Machinery and plant specified in paragraphs (a) to (f) of the Schedule to this Class (together with the appliances and structures accessory thereto specified in paragraphs (1) and (2) of the Schedule of Accessories) which is used or intended to be used mainly or exclusively in connection with the generation, storage, primary transformation (as herein defined) or main transmission (as herein defined) of power in or on the hereditament.

“Primary transformation of power” means and includes any transformation of electrical power in or on the hereditament by any transforming plant which changes the pressure or frequency or form of current of the power as generated in or on or supplied to the hereditament to another pressure or frequency or form of current for distribution in the hereditament wherever such transformation is effected at some point in the main transmission as hereinafter defined.

“Transformer” means and includes any plant which changes the pressure or frequency or form of the current of the power as generated in or on or supplied to the hereditament to another pressure or frequency or form of current.

“Main transmission of power” means and includes all transmission of power from the generating plant or point or points of supply in or on the hereditament up to and including:—

- (i) Where power is transmitted to any other hereditament, the point or points at which power passes from the hereditament;
- (ii) Where power is transmitted by means of shafting or gear wheels, any shaft or shafts or gear wheel or wheels which is or are directly driven by means of belts, ropes, gear or other means from the shaft, pulley, drum, driving wheel, or gear of the prime mover;
- (iii) Where electrical power is transmitted by means of a cable or cables, as to each cable:—
  - (a) when such power is passed through a transformer before being transmitted to a distribution board, the first distribution board to which such power is transmitted;
  - (b) when such power is transmitted to a distribution board or a series of two or more distribution boards without previously being passed through a transformer, the first transformer on each cable led from such distribution board or the last of each such series of distribution boards;
  - (c) when such power is used in or on the hereditament without having been passed through a transformer the first distribution board to which such power is transmitted;
- (iv) Where hydraulic or pneumatic power is transmitted by means of a pipe or pipes, the point or points where the main supply ceases excluding any branch service piping connected with such main piping.

## SCHEDULE TO CLASS 1 (a)

(a) Steam boilers, including their settings, chimneys, flues and dust or grit catchers used in connection therewith: furnaces; mechanical stokers; injectors, jets, burners and nozzles; superheaters; feed water pumps and beaters; economisers; accumulators; denaturators; blow-off tanks; gas retorts and charging apparatus, producers and generators.

(b) Steam engines; steam turbines; gas turbines; internal combustion engines; hot-air engines; barring engines.

(c) Continuous and alternating current dynamos; couplings to engines and turbines; field exciter gear; three-wire or phase balancers.

(d) Storage batteries, with stands and insulators, regulating switches, boosters and connections forming part thereof.

(e) Static transformers; auto transformers; motor generators; motor converters; rotary converters; transverters; rectifiers; phase converters; frequency changers.

(f) Cables and conductors; switchboards, distribution boards, control panels and all switchgear and other apparatus thereon.

(g) Water wheels; water turbines; rams; governor engines; penstocks; spillways; surge tanks; conduits; flumes; sluice gates.

(h) Pumping engines for hydraulic power; hydraulic engines; hydraulic intensifiers; hydraulic accumulators.

(i) Air compressors; compressed air engines.

(j) Windmills.

(k) Shafting, couplings, clutches, worm-gear, pulleys and wheels.

(l) Steam or other motors which are used or intended to be used mainly or exclusively for driving any of the machinery and plant falling within this Class.

## CLASS 1 (b)

Machinery and plant specified in paragraphs (a) to (h) of the Schedule to this Class (together with the appliances and structures accessory thereto specified in paragraph (2) of the Schedule of Accessories) which is used or intended to be used mainly or exclusively in connection with the heating, cooling, ventilating, lighting, draining or supplying of water to the land or buildings of which the hereditament consists, or the protecting of the hereditament from fire:

Provided that, in the case of machinery or plant which is in or on the hereditament for the purpose of manufacturing operations or trade processes, the fact that it is used in connection with those operations or processes for the purposes of heating, cooling, ventilating, lighting, supplying water or protecting from fire shall not cause it to be treated as falling within the classes of machinery and plant specified in the Schedule to this Class.

## SCHEDULE TO CLASS 1 (b)

### (a) GENERAL

Any of the machinery and plant specified in the Schedule to Class 1 (a) and any steam or other motors which are used or intended to be used mainly or exclusively for driving any of the machinery and plant falling within paragraphs (b) to (h) of this Schedule.

### (b) HEATING

(i) Water heaters.

(ii) Headers and manifolds; steam pressure reducing valves; calorifiers; radiators; heating panels; hot-air furnaces with distributing ducts and gratings.

(iii) Gas pressure regulators; gas burners; gas heaters and radiators and the flues and chimneys used in connection therewith.

(iv) Plug-sockets and other outlets; electric heaters.

### (c) COOLING

(i) Refrigerating machines.

(ii) Water screens; water jets.

(iii) Fans and blowers.

(d) VENTILATING

Air intakes, channels, ducts, gratings, louvres and outlets; plant for filtering, washing, drying, warming, cooling, humidifying, deodorising and perfuming, and for the chemical and bacteriological treatment of air; fans; blowers; gas burners, electric heaters, pipes and coils when used for causing or assisting air movement.

(e) LIGHTING

- (i) Gas pressure regulators; gas burners.
- (ii) Plug-sockets and other outlets; electric lamps.

(f) DRAINING

Pumps and other lifting apparatus; tanks; screens; sewage treatment machinery and plant.

(g) SUPPLYING WATER

Pumps and other water-lifting apparatus; sluice-gates; tanks, filters and other machinery and plant for the storage and treatment of water.

(h) PROTECTION FROM FIRE

Tanks; pumps; hydrants; sprinkler systems; fire alarm systems; lightning conductors.

## SCHEDULE OF ACCESSORIES

(1) In addition to the machinery and plant specified in paragraphs (a) to (f) of the Schedule to Class 1 (a), any of the following machinery and plant which is used or intended to be used mainly or exclusively in connection with the handling, preparing or storing of fuel required for the generation or storage of power in or on the hereditament:—

Cranes with their grabs or buckets; truck or wagon tippers; elevating and conveying systems, including power winches, drags, elevators, hoists, conveyors, transporters, travellers, cranes, buckets forming a connected part of any such system, and any weighing machines used in connection therewith; magnetic separators; driers; breakers; pulverisers; bunkers; gasholders; tanks.

(2) Any of the following machinery and plant which is used or intended to be used mainly or exclusively as part of or in connection with or as an accessory to any of the machinery and plant falling within Class 1 (a) or Class 1 (b):—

- (i) Foundations, settings, gantries, supports, platforms and stagings for machinery and plant;
- (ii) Steam-condensing plant, compressors, exhausters, storage cylinders and vessels, fans, pumps and ejectors; ash-handling apparatus;
- (iii) Travellers and cranes;
- (iv) Oiling systems; earthing systems; cooling systems;
- (v) Pipes, ducts, valves, traps, separators, filters, coolers, screens, purifying and other treatment apparatus, evaporators, tanks, exhaust boxes and silencers, washers, scrubbers, condensers, air heaters, and air saturators.
- (vi) Shafting supports, belts, ropes and chains;
- (vii) Cables, conductors, wires, pipes, tubes, conduits, casings, poles, supports, insulators, joint boxes and end boxes;
- (viii) Instruments and apparatus attached to the machinery and plant, including meters, gauges, measuring and recording instruments, automatic controls, temperature indicators and alarms and relays.

## CLASS 2

Lifts and elevators mainly or usually used for passengers.

## CLASS 3

Railway and tramway lines and tracks.

Any of the following items of plant or combinations of plant and machinery whenever and only to such extent as it is, or is in the nature of, a building or structure:

Provided that where a combination of plant and machinery is or is in the nature of a building or structure any ancillary apparatus forming part of such combination which when such combination is in use is power-operated shall not be valued as part of the hereditament.

Accelerators;  
 Acid Concentrators;  
 Aerial Ropeways, supports for;  
 Bins, Hoppers and Funnels;  
 Blast Furnaces;  
 Boilers;  
 Bridges;  
 Bunkers;  
 Burners, Bessemer Converters, Forges, Furnaces, Kiles, Ovens and Stoves;  
 Chambers, Vessels and Containers for:—

Absorption of gases or fumes;	Fuming;
Aerographing and Spraying;	Impregnating;
Bleaching;	Mixing;
Chemical Reaction;	Refrigerating;
Conditioning or Treatment;	Regenerating;
Cooling;	Sandblasting;
Diffusion of Gases;	Shotblasting;
Drying;	Sterilising;
Dust or Fume Collecting;	Sulphuric Acid;
Fibre separation (Wool Carbonising);	Testing.

Chimneys;  
 Coking Ovens;  
 Condensers and Scrubbers:—

Acid;	Oil;
Alkali;	Tar.
Gas;	

Coolers, Chillers and Quenchers;  
 Cooling Ponds;  
 Cupolas;  
 Economisers, Heat Exchangers, Recuperators, Regenerators and Superheaters;  
 Elevators and Hoists;  
 Evaporators;  
 Fan Drifts;  
 Filters and Separators;  
 Floating Docks and Pontoons, with any Bridges or Gangways not of a temporary nature used in connection therewith;  
 Flues;  
 Flumes, Conduits and Main Pipelines;  
 Foundations, Settings, Fixed Gantries, Supports, Platforms and Stagings for plant and machinery;  
 Gas:—

Holders;	Purifiers and Cleansers.
Producers and Generators;	

Headgear:—

Mine, Quarry and Pit;	Well.
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Hydraulic Accumulators;

Masts (including Guy Ropes) and Towers for:—	
Radar;	Wireless.
Television;	
Pits, Beds and Bays:—	
Acid Neutralising;	Inspection or Testing;
Casting;	Lining, Soaking, Tanning or other
Cooling;	Treatment;
Drop;	Settling.
Precipitators;	
Racks;	
Reactors;	
Refuse Destructors and Incinerators;	
Retorts;	
Ship Construction and Repair:—	
Slipways;	Cradles;
Uprights;	Grids.
Silos;	
Stages, Staithes and Platforms for loading, unloading and handling material;	
Still;	
Tanks;	
Telescopes including Radio Telescopes;	
Tipplers;	
Towers and Columns for:—	
Absorption of gases or fumes;	Oil Refining and Condensing;
Chemical Reaction;	Treatment;
Cooling;	Water.
Transversers and Turntables;	
Vats;	
Walkways, Stairways, Handrails and Catwalks;	
Washeries and Dry Cleaners for Coal;	
Weighbridges;	
Well Casings and Liners;	
Windmills;	
Wind Tunnels.	

## APPENDIX II

*Section 24 of the Rating and Valuation Act, 1925 (as amended by the Local Government Act, 1948)*

24.—(1) For the purpose of the making or revision of valuation lists, the following provisions shall have effect with respect to the valuation of any hereditament other than a hereditament the value of which is ascertained by reference to the accounts, receipts or profits of the undertaking carried on therein:—

Valuation of hereditaments containing machinery and plant.

(a) All such plant or machinery in or on the hereditament as belongs to any of the classes specified in the Third Schedule to this Act shall be deemed to be a part of the hereditament:

(b) Subject as aforesaid, no account shall be taken of the value of any plant or machinery in or on the hereditament.

(2) The valuation officer shall, on being so required in writing by the occupier of any hereditament, furnish to him particulars in writing showing what machinery or plant, or whether any particular machinery or plant, has been treated in pursuance of the provisions of this section as forming part of the hereditament.

(3) For the purpose of enabling all persons concerned to have precise information as to what machinery and plant falls within the classes specified in the said Third Schedule, there shall be constituted a committee consisting of five persons to be appointed by the Minister, and the said committee shall as soon as may be after the passing of this Act prepare a statement setting out in detail all the machinery and plant which appears to the committee to fall within any of the classes specified in the said Schedule.

(4) The committee shall as soon as the said statement has been prepared transmit it to the Minister, who shall cause it to be published in such manner as he thinks fit.

(5) The Minister, after considering the statement and any representations which may be made to him with respect thereto, may, if he thinks fit, make an order confirming it, with or without modifications, and, subject as hereinafter provided, the statement as confirmed by the order shall for all purposes have effect as if it were substituted for the Third Schedule to this Act.

The order confirming the statement shall as soon as may be after it is made be laid before both Houses of Parliament, and if either House within the next subsequent twenty days on which that House has sat next after the order is laid before it presents an Address to His Majesty against the order, or any part thereof, the order, or that part of the order, shall thenceforth be void, but without prejudice to the validity of anything done thereunder and without prejudice to the making of a new order.

(6) The statement confirmed as aforesaid shall be revised at such intervals as the Minister may direct, and the provisions of subsections (4) and (5) of this section shall, subject to the necessary modifications, have effect in relation to the revised statement as they have effect in relation to the original statement, except that a revised statement shall (subject to the provisions contained in subsection (5) with respect to the presentation of an Address to His Majesty) come into operation on such date as may be specified in the confirming order.

(7) For the purposes of this section there shall be constituted a panel of referees, and if on or in connection with any objection or proposal made or appeal brought with respect to a valuation list a question is raised whether any particular plant or machinery falls within any of the classes or descriptions specified in the confirmed statement, that question may, with the consent in writing of the parties to the proceedings, be referred by the valuation officer or court, as the case may be, to and determined by such member of the panel as may be agreed on by the parties or, in default of agreement, as may be selected in accordance with rules made under this section.

(8) The said panel shall consist of persons to be appointed by the Lord Chief Justice of England, and the Lord Chief Justice may make rules fixing the fees to be charged in respect of proceedings before a referee and with respect to the



procedure on and in connection with references under this section and with respect to the selection of a referee in cases where the parties fail to agree as to the member of the panel to be appointed, and provision may be made by the rules for applying to references under this section (subject to the express provisions thereof) any of the provisions of the Arbitration Act, 1889, but except in so far as it may be so applied, that Act shall not apply to references under this section.

(9) A referee under this section may, and shall if so required by any party to the reference, before making his award inspect the plant or machinery in respect of which the question arises, and the award of the referee shall be final and conclusive.

(10) Nothing in this section shall affect the law or practice with regard to the valuation of hereditaments the value of which is ascertained by reference to the accounts, receipt or profit of an undertaking carried on therein, or be taken to extend the class of property which is under the law and practice as in force at the commencement of this Act deemed to be provided by the occupier and to form part of his capital.

### *Third Schedule to the Rating and Valuation Act, 1925*

#### Section 24

#### Third Schedule

Classes of Machinery and Plant to be deemed to be part of the Hereditament.

1. Machinery and plant (together with the shafting, pipes, cables, wires, and other appliances and structures accessory thereto) which is used or intended to be used, mainly or exclusively in connection with any of the following purposes, that is to say:—

(a) the generation, storage, primary transformation or main transmission of power in or on the hereditament;

or

(b) the heating, cooling, ventilating, lighting, draining, or supplying of water to the land or buildings of which the hereditament consists, or the protecting of the hereditament from fire:

Provided that, in the case of machinery or plant which is in or on the hereditament for the purpose of manufacturing operations or trade processes, the fact that it is used in connection with these operations or processes for the purpose of heating, cooling, ventilating, lighting, supplying water, or protecting from fire shall not cause it to be treated as falling within the classes of machinery or plant specified in this Schedule.

2. Lifts and elevators mainly or usually used for passengers.

3. Railway and tramway lines and tracks.

4. Such part of any plant or any combination of plant and machinery, including gas holders, blast furnaces, coke ovens, tar distilling plant, cupolas, water towers with tanks, as is, or is in the nature of, a building or structure.

## APPENDIX III

### *List of bodies who submitted evidence*

Association of British Chambers of Commerce  
Association of Municipal Corporations  
British Petroleum Company, Limited  
British Pottery Manufacturers' Federation  
Chartered Auctioneers and Estate Agents Institute  
Chartered Land Agents Society  
Colne Valley Sewerage Board  
Federation of British Industries  
Federation of Wholesale and Multiple Bakers  
General Council of the Bar of England and Wales  
Imperial Chemical Industries, Limited  
Law Society  
London County Council  
Machinery Users' Association (Incorporated)  
National Coal Board  
National Federation of Property Owners  
National Federation of Scrap Iron Steel and Metal Merchants  
National Union of Manufacturers  
Rating and Valuation Association  
Rating Surveyors Association  
Royal Institution of Chartered Surveyors  
Rural District Councils Association  
Shipbuilding Conference  
Society of Clerks of Valuation Panels  
Society of Motor Manufacturers and Traders, Limited  
Urban District Councils Association  
Valuers Institution